

Message Text

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16

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DRAFTED BY EB/FTD:WCMIMS:HM

APPROVED BY EB:TOENDERS

COMMERCE - APOLANSKY

LABOR - HBLACKMAN

TREASURY - WBARREDA(SUBS)

L/T - JBOYD

L/EB - CROH

ARA/ECP-MDAVILA

ARA/CAR - DSTRASSER

STR:MBSMITH

----- 002821

P 290510Z AUG 75

FM SECSTATE WASHDC

TO AMEMBASSY PORT AU PRINCE PRIORITY

INFO USMISSION GENEVA PRIORITY

LIMITED OFFICIAL USE STATE 205898

E.O. 11652:N/A

TAGS: ETRD, HA

SUBJECT: TEXTILES - ARTICLE 3 ACTION

GENEVA FOR PHELAN

1. IN A MEETING ON AUGUST 19, THE COMMITTEE FOR THE
IMPLEMENTATION OF TEXTILE AGREEMENTS RECOMMENDED THAT USG
REQUEST CONSULTATIONS WITH GOH UNDER ARTICLE 3 OF THE MFA
WITH A VIEW TOWARD REMOVING MARKET DISRUPTION PRESENTLY
BEING CAUSED BY IMPORTS OF CERTAIN TEXTILE PRODUCTS FROM
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HAITI TO THE U.S. THEREFORE EMBASSY IS INSTRUCTED TO
DELIVER FOLLOWING NOTE TO GOH AS SOON AS POSSIBLE, AND
IN NO CASE LATER THAN COB ON AUGUST 29:

QUOTE: THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS AND HAS THE HONOR TO REFER TO THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES DONE AT GENEVA ON DECEMBER 20, 1973, HEREAFTER REFERRED TO AS THE "ARRANGEMENT" AND, SPECIFICALLY, TO THE MARKET DISRUPTION AND EQUITY PROVISIONS OF ARTICLE 3.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA HAS NOTED WITH CONCERN THE IMPORTS FROM HAITI IN MAN-MADE FIBER TEXTILE CATEGORIES:

-- 233 (PLAYSUITS, SUNSUITS, WASHSUITS, WOVEN), AND 238 (TROUSERS, SLACKS AND SHORTS, WOVEN). TOTAL EXPORTS TO THE UNITED STATES FROM ALL SUPPLIERS HAVE CAUSED MARKET DISRUPTION IN THESE CATEGORIES. A FACTUAL STATEMENT DESCRIBING MARKET CONDITIONS, THE EFFECTS OF SUCH IMPORTS ON THE UNITED STATES MARKET, THE RECENT TRENDS OF SUCH IMPORTS FROM HAITI AND A TABLE ON IMPORT AND DOMESTIC PRICE DATA IS APPENDED AS ANNEX A WHICH IS TO BE REGARDED AS AN INTEGRAL PART OF THIS NOTE IN CONFORMITY WITH ARTICLE 3.3 OF THE ARRANGEMENT.

IN RECOGNITION OF THE FACT THAT LOW-PRICED IMPORTS OF THE CATEGORIES OF PRODUCTS INDICATED ABOVE FROM A NUMBER OF SOURCES HAVE CAUSED OR THREATENED TO CAUSE MARKET DISRUPTION IN THE UNITED STATES, OTHER EXPORTING COUNTRIES WHICH HAVE ACCEPTED OR ACCEDED TO THE ARRANGEMENT HAVE AGREED TO LIMIT THEIR EXPORTS OF THESE CATEGORIES OF PRODUCTS TO THE UNITED STATES. THEREFORE, IN ORDER TO AVOID FURTHER MARKET DISRUPTION

--- BY IMPORTS OF THE PRODUCTS INDICATED ABOVE AND TO INSURE EQUITABLE TREATMENT TO THOSE COUNTRIES PARTY TO THE ARRANGEMENT WHICH ARE PRESENTLY LIMITING EXPORTS IN THESE CATEGORIES TO THE UNITED STATES, THE GOVERNMENT OF THE UNITED STATES OF AMERICA IS, AS OF THE DATE OF THIS NOTE, INVOKING ITS RIGHTS UNDER ARTICLE 3 OF THE LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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ARRANGEMENT, AND PURSUANT TO THE PROVISIONS OF PARAGRAPH 3 OF THAT ARTICLE, REQUESTING THE GOVERNMENT OF HAITI TO ENTER PROMPTLY INTO CONSULTATIONS WITH A VIEW TO REMOVING THE DISRUPTION.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONSIDERS THAT EXPORTS FROM HAITI TO THE UNITED STATES IN THE CATEGORIES INDICATED ABOVE SHOULD BE LIMITED TO THE LEVELS SET FORTH IN ANNEX B APPENDED TO THIS NOTE. THESE LEVELS ARE CONSISTENT WITH THE PROVISIONS OF ANNEX B OF THE ARRANGEMENT WHICH PROVIDE THAT RESTRAINTS MAY NOT BE SET AT A LEVEL LESS THAN THE ACTUAL LEVEL OF SUCH

PRODUCTS IMPORTED DURING THE TWELVE MONTH PERIOD
TERMINATING TWO MONTHS PRECEDING THE MONTH IN WHICH THE
REQUEST IS MADE.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONSIDERS
THE NEGOTIATION OF A MUTUALLY SATISFACTORY ALL-FIBER
BILATERAL TEXTILE AGREEMENT UNDER THE PROVISIONS OF

ARTICLE 4 OF THE ARRANGEMENT AS THE MOST DESIRABLE
SOLUTION TO THE PROBLEM OF MARKET DISRUPTION AND TO THE
EQUITY OBLIGATIONS OF THE UNITED STATES WITH RESPECT TO
ITS RESTRAINED SUPPLIERS. HENCE, SHOULD THE GOVERNMENT
OF HAITI WISH TO CONSULT WITH THE GOVERNMENT OF THE
UNITED STATES OF AMERICA, IT IS HOPED THAT SUCH
CONSULTATIONS WOULD BE SUCCESSFUL IN REACHING AN AGREE-
MENT UNDER ARTICLE 4 TO REPLACE ANY ACTIONS UNDER
ARTICLE 3.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA, IN
ACCORDANCE WITH ARTICLE 3.3 OF THE ARRANGEMENT, HAS
FORWARDED A COPY OF THIS NOTE AND ITS ANNEXES TO THE
CHAIRMAN OF THE TEXTILES SURVEILLANCE BODY IN GENEVA.

THE EMBASSY OF THE UNITED STATES OF AMERICA ...ETC.

ANNEX A PART 1

MARKET CONDITIONS IN THE U.S. APPAREL INDUSTRY
-- THE UNITED STATES APPAREL INDUSTRY IS IN A DEPRESSED
STATE.
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-- THE FEDERAL RESERVE BOARD PRODUCTION INDEX FOR
APPAREL PRODUCTS IN MAY 1975 WAS DOWN 15 PERCENT FROM A
YEAR EARLIER.
-- TOTAL EMPLOYMENT IN THE APPAREL INDUSTRY IN JULY 1975
WAS 1,227,000, 10 PERCENT BELOW JULY 1974.
-- UNEMPLOYMENT IN THE APPAREL INDUSTRY REACHED AN
AVERAGE OF 14.1 PERCENT FOR THE THREE MONTH PERIOD
ENDING JULY 1975, COMPARED WITH 8.0 PERCENT FOR THE SAME
PERIOD A YEAR EARLIER.

ANNEX A PART 2

CATEGORY 233 (PLAYSUITS, SUNSUITS, WASHSUITS, WOVEN)
-- APPAREL ITEMS IN THIS CATEGORY INCLUDE WOMEN'S,
GIRLS' AND INFANTS' MAN-MADE FIBER PLAYSUITS, SUNSUITS,
WASHSUITS, CREEPERS, ROMPERS, ETC., ORNAMENTED AND NON-
ORNAMENTED.
-- THE U.S. PLAYSUIT, SUNSUIT, WASHSUIT, ETC., IN-
DUSTRY IS ONE OF THE MOST IMPORT IMPACTED SECTORS OF THE
U.S APPAREL INDUSTRY. THE IMPORT/PRODUCTION RATIO FOR
THESE PRODUCTS IS ESTIMATED TO HAVE INCREASED TO 82

PERCENT IN THE FIRST HALF OF 1975, UP FROM 49 PERCENT
IN 1974 AND 11 PERCENT IN 1968.

-- IMPORTS: TOTAL IMPORTS OF PLAYSUITS, SUNSUITS,
WASHSUITS, ETC., INTO THE U.S. MARKET HAVE INCREASED. IN
THE YEAR ENDING JUNE 1975, THESE IMPORTS AMOUNTED TO 383
THOUSAND DOZEN, UP 27 PERCENT FROM 301 THOUSAND DOZEN IN
1974 AND 117 THOUSAND DOZEN IN 1968.

-- IMPORTS OF THESE ITEMS FROM HAITI BEGAN IN 1972.
THIS LEVEL OF TRADE INCREASED SIGNIFICANTLY DURING THE
FIRST HALF OF 1975 -- FROM 52 THOUSAND DOZEN IN 1974 TO
MORE THAN 88 THOUSAND DOZEN IN THE YEAR ENDING THE FIRST
HALF OF 1975. HAITI IS THE SECOND LARGEST SUPPLIER OF
THESE PLAYSUITS, SUNSUITS, WASHSUITS, ETC., TO THE U.S.
MARKET. ALL OTHER MAJOR SUPPLIERS HAVE ENTERED INTO
AGREEMENTS TO CONTROL THEIR EXPORTS TO THE U.S. MARKET.

-- PRICES: THE CIF VALUE, INCLUDING IMPORT DUTIES,
OF THESE IMPORTS FROM HAITI RANGED FROM 8 DOLLARS TO
12 DOLLARS PER DOZEN. THESE PRICES ARE SUBSTANTIALLY
BELOW THE DOMESTIC PRICE FOR COMPARABLE ITEMS, AND IN
MOST CASES ARE ALSO BELOW THE VALUE OF COMPARABLE
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PRODUCTS BEING IMPORTED FROM THE OTHER MAJOR SUPPLIERS.

-- DOMESTIC PRODUCTION: U.S. PRODUCTION OF MAN-MADE
FIBER PLAYSUITS, SUNSUITS, WASHSUITS, ETC., HAS DECLINED
DURING THE LATTER PART OF 1974 AND FIRST HALF OF 1975 TO
AN ESTIMATED ANNUAL OUTPUT OF 550 THOUSAND DOZEN FOR 1975
FROM 615 THOUSAND DOZEN IN 1974 AND 1,088 THOUSAND
DOZEN IN 1968.

-- U.S. PRODUCTION AND IMPORTS OF PLAYSUITS,
-- SUNSUITS, WASHSUITS, ETC., WOVEN
-- CATEGORY 233
-- (1,000 DOZENS)

YEAR	PRODUCTION	IMPORTS	RATIO
1968	1,088	117	10.8
1969	898	200	22.3
1970	916	333	36.4
1971	683	299	43.8
1972	628	463	73.7
1973	650	412	63.4
1974 PREL.	615	302	49.1
1975 EST.	550	450	81.8

-- CATEGORY 233: U.S. GENERAL IMPORTS FROM HAITI AND
-- MAJOR SUPPLIERS

-- DOZEN

CAT. 233 PLAYSUITS, SUNSUITS, WASHSUITS ETC., NOT KNIT

PERIOD	UNIT	PERIOD	UNIT
1972	149,289	NOVEMBER 1974	4,515
1973	138,191	DECEMBER 1974	8,085
1974	51,748	JANUARY 1975	7,852
YE 12/74	51,748	FEBRUARY 1975	9,638
YE 1/75	56,224	MARCH 1975	8,338
YE 2/75	64,431	APRIL 1975	8,866

YE 3/75	69,331	MAY 1975	12,572
YE 4/75	74,597	JUNE 1975	11,068
YE 5/75	81,067		
YE 6/75	88,306		

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MAJOR SUPPLIER	PERIOD			
--	1972	1973	1974	YE 6/75
HAITI	149,289	138,191	51,748	88,306
PHILIPPINE REP.	186,261	221,907	228,197	257,215
HONG KONG	43,497	22,316	8,590	12,326
FRANCE	221	110	5,275	5,321
ALL OTHER COUNTRIES	83,380	29,132	8,096	19,639
TOTAL	462,648	411,656	301,906	382,807

HAITI IS NUMBER 2 SUPPLIER

MAJOR SUPPLIERS BASED ON YE 6/75 DATA

ANNEX A PART 3

MARKET STATEMENT

CATEGORY 238

TROUSERS, SLACKS AND SHORTS, WOVEN

-- APPAREL ITEMS INCLUDED IN THIS CATEGORY ARE MEN'S AND BOYS' AND WOMEN'S, GIRLS' AND INFANTS' MAN-MADE FIBER WOVEN TROUSERS, SLACKS AND SHORTS, ORNAMENTED AND NONORNAMENTED. THE U.S. WOVEN TROUSER, SLACK AND SHORT INDUSTRY IS ONE OF THE IMPORT IMPACTED SECTORS OF THE U.S. APPAREL INDUSTRY. THE IMPORT/PRODUCTION RATIO FOR MAN-MADE FIBER WOVEN TROUSERS, SLACKS AND SHORTS IS ESTIMATED TO HAVE INCREASED TO NEARLY 15 PERCENT IN THE FIRST HALF OF 1975 FROM 11 PERCENT IN 1974 AND 5 PERCENT IN 1967.

-- IMPORTS: TOTAL IMPORTS OF WOVEN TROUSERS, SLACKS AND SHORTS INTO THE U.S. MARKET INCREASED TO 1,952 THOUSAND DOZEN IN THE YEAR ENDING JUNE 1975. THIS WAS UP FROM 1,853 THOUSAND DOZEN IN 1974 AND 819 THOUSAND DOZEN IN 1967.

-- IMPORTS FROM HAITI BEGAN IN COMMERCIAL VOLUME IN

1970 AND TOTALED 2,716 DOZEN. BY THE YEAR ENDING JUNE
 1975, THESE IMPORTS, PREDOMINATELY WOMEN'S, GIRLS' AND
 INFANTS' SLACKS AND SHORTS, HAD INCREASED TO 229
 THOUSAND DOZEN. HAITI IS THE THIRD LARGEST SUPPLIER OF
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WOVEN TROUSERS, SLACKS AND SHORTS TO THE U.S. MARKET.
 ALL OTHER MAJOR SUPPLIERS, HAVE ENTERED INTO AGREEMENTS
 TO CONTROL THEIR EXPORTS TO THE U.S. MARKET.

PRICES: THE CIF VALUE, INCLUDING IMPORT DUTIES, OF
 WOMEN'S, GIRLS' AND INFANTS' SLACKS AND SHORTS IMPORTS
 FROM HAITI RANGE FROM 8 DOLLARS TO 12 DOLLARS PER DOZEN.
 THESE PRICES ARE SUBSTANTIALLY BELOW THE DOMESTIC PRICES
 FOR COMPARABLE ITEMS AND IN MOST CASES ARE ALSO BELOW
 THE VALUE OF COMPARABLE PRODUCTS BEING IMPORTED FROM
 THE PHILIPPINES AND TAIWAN.

DOMESTIC PRODUCTION: U.S. PRODUCTION OF WOVEN TROUSERS,
 SLACKS AND SHORTS DECLINED DURING THE LATTER PART OF
 1974 AND THE FIRST HALF OF 1975 TO AN ESTIMATED 14
 MILLION DOZEN, ON AN ANNUAL BASIS, FROM 17 MILLION DOZEN
 IN 1974 AND 1973.

-- U.S. PRODUCTION AND IMPORTS
 -- OF TROUSERS, SLACKS AND SHORTS, WOVEN
 -- CATEGORY 238
 -- (1000 DOZEN)

YEAR	PRODUCTION	IMPORTS	RATIO
1967	17,254	819	4.7
1968	20,799	1,162	5.6
1969	21,664	1,516	7.0
1970	21,568	1,753	8.1
1971	19,418	1,984	10.2
1972	16,820	1,625	9.7
1973	17,265	1,629	9.4
1974 PREL.	17,485	1,853	10.6
1975 EST.	14,000	2,025	14.5

CATEGORY 238: U.S. GENERAL IMPORTS FROM HAITI AND MAJOR
 SUPPLIERS

-- DOZEN
 CAT. 238 TROUSERS, NOT KNIT

PERIOD	UNITS	PERIOD	UNITS
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1972	57,587	NOVEMBER 1974	25,404
1973	126,800	DECEMBER 1974	14,888
1974	194,772	JANUARY 1975	16,623
YE 12/74	194,772	FEBRUARY 1975	18,953
YE 1/75	198,532	MARCH 1975	15,845
YE 2/75	208,750	APRIL 1975	19,953
YE 3/75	219,297	MAY 1975	13,047
YE 4/75	228,874	JUNE 1975	22,327
YE 5/75	226,341		
YE 6/75	229,144		

MAJOR SUPPLIERS	PERIOD			
--	1972	1973	1974	YE 6/75
HAITI	57,587	126,800	194,772	229,144
MEXICO	256,031	450,702	812,477	805,892
JAPAN	398,505	396,449	295,375	294,383
CHINA(TAIWAN)	501,487	395,576	183,346	158,459
ALL OTHER				
COUNTRIES	411,690	257,000	366,998	464,249
TOTAL	1,625,300	1,626,527	1,852,968	1,952,127

HAITI IS NUMBER 3 SUPPLIER
MAJOR SUPPLIERS BASED ON YE 6/75 DATA

ANNEX A PART 4 -- HAITI
COMPARABLE IMPORT AND DOMESTIC PRICE DATA
DOLLARS PER DOZEN

CATEGORY 233, DESCRIPTION-PLAYSUITS, ETC., W,G,I M-MF
WOVEN

HAITI	TAIWAN	REP. OF PHILIPPINES	U.S.
8-12	--	13	22-54

CATEGORY 238, DESCRIPTION-TROUSERS, ETC., W.G, I

HAITI	TAIWAN	REP. OF PHILIPPINES	U.S.
8-12	30	7-23	24-66

IMPORTS ARE DUTY-PAID, C.I.F. VALUES.
'W,G,I-WOMEN'S GIRLS' AND INFANTS'
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ANNEX B
RESTRAINT LEVELS

CATEGORY	LEVEL
233	81,067 DOZ.
238	226,341 DOZ.

2. ADVISE BY PRIORITY CABLE WHEN NOTE DELIVERED, INFO
GENEVA FOR PHELAN, INCLUDING INITIAL GOH REACTION, IF
ANY. FORWARD CERTIFIED COPIES OF NOTE TO DEPARTMENT
(ATTN: ASST. LEGAL ADVISOR, TREATY AFFAIRS). INGERSOLL

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Message Attributes

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